

Auditing Procedures Report

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Issued under Public Act 2 of 1968, as amended .

Unit Name	Gilford Township	County	TUSCOLA	Type	TOWNSHIP	MuniCode	79-1-120
Opinion Date-Use Calendar	Jun 23, 2008	Audit Submitted-Use Calendar	Jun 27, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

- ☒ 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
- ☒ 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
- ☐ 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
- ☒ 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
- ☒ 5. Did the local unit adopt a budget for all required funds?
- ☒ 6. Was a public hearing on the budget held in accordance with State statute?
- ☒ 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
- ☒ 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
- ☒ 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
- ☒ 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
- ☒ 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
- ☒ 12. Is the local unit free of repeated reported deficiencies from previous years?
- ☒ 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it?
- ☒ 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
- ☒ 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
- ☒ 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
- ☒ 18. Are there reported deficiencies? ☐ 19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 115,210.00
General Fund Expenditure:	\$ 131,233.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 70,120.00
Governmental Activities Long-Term Debt (see instructions):	\$ 115,410.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Gary	Last Name	Anderson	Ten Digit License Number			1101005446		
CPA Street Address	715 E. Frank St.	City	Caro	State	MI	Zip Code	48723	Telephone	+1 (989) 673-3137
CPA Firm Name	Anderson, Tuckey, Bernhardt	Unit's Street Address	9681 Parrent Rd.	City	Reese	LU Zip	48757		

GILFORD TOWNSHIP
Tuscola County, Michigan

REPORT ON FINANCIAL STATEMENTS
(with required supplementary and
additional information)
March 31, 2008

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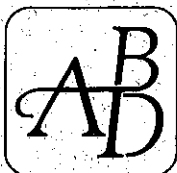
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ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

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June 23, 2008

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Gilford Township
Tuscola County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Gilford as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Township of Gilford management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended and interpreted, as of March 31, 2008.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Gilford as of March 31, 2008, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis budgetary comparison information on pages i through vii and 14 through 17 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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Members of the Township Board
June 23, 2008
Page two

Our audit conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Gilford's basic financial statements. The supplemental financial information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of Gilford Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

As management of the Township of Gilford, we offer readers of the Township of Gilford financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management Discussion and Analysis (MD&A) – for State and Local Governments issued in June of 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the district has elected to exclude the comparative information. This information will be provided in future years.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$366,820 (net assets). Of this amount, \$154,439 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$32,844.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$154,439, a decrease of \$15,958 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$70,120, or 53 percent of total general fund expenditures.

OVERVIEW OF THE FIANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

**Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2008**

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent personal property taxes).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes, special assessments and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works, health and welfare, community and economic development, culture and recreational, and other functions.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains several individual governmental funds. Information is presented separately in governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major

fund. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund in the required supplementary information and for the special revenue funds in additional information to demonstrate compliance with budgets.

The basic governmental fund financial statements can be found on pages 3 through 5 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 6 of this report.

Notes to the financial statements. The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7 through 13 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's general fund and revenue budget. Required supplementary information can be found on pages 14 through 17 of this report.

Combining and individual fund statements and schedules can be found on pages 18 through 20 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$366,820 at the close of the most recent fiscal year.

A portion of the Township's assets (67 percent) reflects its investment in capital assets (e.g., land, building, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the Township does not have any outstanding debt.)

GILFORD TOWNSHIP**Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2008****Township of Gilford's Net Assets**

	Governmental activities
	2008
Current and other assets	\$ 157,093
Capital assets	327,791
Total assets	484,884
Liabilities	118,064
Net assets:	
Invested in capital assets	212,381
Restricted	-
Unrestricted	154,439
Total net assets	\$ 366,820

The government's net assets increased by \$32,844 during the current fiscal year. The majority of this increase represents the degree in which increases in ongoing revenues have outstripped similar increases in ongoing expenditures.

Governmental activities. Governmental activities increased the Township's net assets by \$32,844. Key elements of this increase are as follows:

GILFORD TOWNSHIP**Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2008****Township of Gilford's Changes in Net Assets**

	<u>Governmental activities</u> <u>2008</u>
Revenues:	
Program revenues:	
Charges for services	-
General revenues:	
Property Taxes:	
Levied for general purposes	49,255
Fire, drain, garbage and ambulance levy	131,931
State sources	60,908
Licenses	120
Investment earnings	9,738
Other	753
Total revenues	<u>252,705</u>
Expenses:	
Legislative	15,252
General government	34,795
Public safety	28,264
Public works	124,337
Cultural and recreational	3,173
Depreciation	4,729
Debt service	7,227
Capital Outlay	2,084
Total expenses	<u>219,861</u>
Increase in net assets	32,844
Net assets, beginning of year	333,976
Net assets, end of year	<u>\$ 366,820</u>

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balance of \$154,439, a decrease of \$15,958 in comparison with the prior year.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$70,120.

The fund balance of the Township's general fund decreased by \$16,023 during the current fiscal year.

General Fund Budgetary Highlights

The final amended budget was changed from the original budget, and the significant individual fluctuations can be summarized as follows:

- \$5,560 increase in public works activities
- \$13,000 increase capital outlay
- \$20,000 decrease in debt service principal

The main reason for the changes resulted from reallocating expenses across the different governmental activities. During the year, budgetary estimates for expenditures were more than actually incurred. The main reason for this was the increase in spending for general government and public works.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business type activities as of March 31, 2008 amounts to \$327,791 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and office equipment and furniture.

Township of Gilford's Capital Assets (net of depreciation)

	<u>Governmental activities</u>
	<u>2008</u>
Land	\$ 112,500
Buildings	210,008
Office equipment and furniture	5,283
	<u>\$ 327,791</u>

Additional information on the Township's capital assets can be found in Note 9 on page 13 of this report.

Economic Factors and Next Year's Budgets and Rates

Township of Gilford's goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public. The Township has a conservative and financially prudent budget for the fiscal year 2009 that also promotes and funds numerous project objectives.

The Township has deliberately made conservative estimates concerning state revenue sharing for fiscal year 2009 due to the budget constraints at the State level. It has also estimated investment earnings conservatively anticipating a slow increase in interest rates.

Request for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Township Supervisor's Office, 9681 Parrent Rd. Reese, MI 48757.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF GILFORD, TUSCOLA COUNTY
STATEMENT OF NET ASSETS
MARCH 31, 2008

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 138,034
Accounts receivable	<u>19,059</u>
TOTAL CURRENT ASSETS	157,093
CAPITAL ASSETS	
Land	112,500
Capital assets, net of accumulated depreciation	<u>215,291</u>
TOTAL CAPITAL ASSETS	<u>327,791</u>
TOTAL ASSETS	<u><u>\$ 484,884</u></u>
 LIABILITIES	
LIABILITIES	
Accounts payable	\$ 2,654
Accrued interest	4,044
Note payable - Current	<u>12,120</u>
TOTAL CURRENT LIABILITIES	18,818
Note payable - Long-Term	<u>99,246</u>
TOTAL LIABILITIES	118,064
NET ASSETS	
Invested in capital assets	212,381
Unrestricted	<u>154,439</u>
TOTAL NET ASSETS	<u>366,820</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 484,884</u></u>

The accompanying footnotes are an integral part of the financial statements

TOWNSHIP OF GILFORD, TUSCOLA COUNTY
STATEMENT OF ACTIVITIES
MARCH 31, 2008

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program revenues</u>	<u>Net (expense) revenue and changes in net assets</u>
		<u>Charges for services</u>	<u>Total governmental activities</u>
Primary government			
Governmental activities			
Legislative	\$ 15,252		\$ (15,252)
General government	34,795		(34,795)
Public safety	28,264		(28,264)
Public works	124,337		(124,337)
Recreation and culture	3,173		(3,173)
Debt service Interest	7,227		(7,227)
Depreciation	4,729		(4,729)
Capital Outlay	2,084		(2,084)
Total governmental activities	<u>\$ 219,861</u>	<u>\$ -</u>	<u>\$ (219,861)</u>
General revenues			
Taxes			\$ 181,186
License and permits			120
Intergovernmental			60,908
Investment income			9,738
Other revenues			753
Total general revenues			<u>252,705</u>
Changes in net assets			32,844
Net assets, beginning of year			<u>333,976</u>
Net assets, end of year			<u>\$ 366,820</u>

The accompanying footnotes are an integral part of the financial statements

TOWNSHIP OF GILFORD, TUSCOLA COUNTY
COMBINED BALANCE SHEET -
Governmental Fund Types
March 31, 2008

	<u>GENERAL FUND</u>	<u>DRAIN FUND</u>	<u>FIRE FUND</u>	<u>GARBAGE FUND</u>	<u>OTHER NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>						
Cash	\$ 66,241	\$ 914	\$ 32,482	\$ 38,219	\$ 178	\$ 138,034
Accounts receivable						
Due from other funds	<u>6,388</u>	<u>\$ 6,717</u>	<u>1,169</u>	<u>4,125</u>	<u>660</u>	<u>19,059</u>
TOTAL ASSETS	<u>\$ 72,629</u>	<u>\$ 7,631</u>	<u>\$ 33,651</u>	<u>\$ 42,344</u>	<u>\$ 838</u>	<u>\$ 157,093</u>
<u>LIABILITIES & FUND EQUITY</u>						
Liabilities:						
Due to other funds	\$ 2,509			\$ 125	\$ 20	\$ 2,654
Due to other governmental agencies						-
Total Liabilities	<u>2,509</u>	<u>-</u>	<u>-</u>	<u>125</u>	<u>20</u>	<u>2,654</u>
Fund Equity:						
Fund balance	<u>70,120</u>	<u>\$ 7,631</u>	<u>\$ 33,651</u>	<u>42,219</u>	<u>818</u>	<u>154,439</u>
Total Fund Equity	<u>70,120</u>	<u>7,631</u>	<u>33,651</u>	<u>42,219</u>	<u>818</u>	<u>154,439</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 72,629</u>	<u>\$ 7,631</u>	<u>\$ 33,651</u>	<u>\$ 42,344</u>	<u>\$ 838</u>	<u>\$ 157,093</u>
 Total governmental fund balances						 \$ 154,439
Amounts reported for governmental activities in the statement of net assets are different because						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds						
Cost of the capital assets					\$ 332,820	
Less accumulated depreciation					<u>(5,029)</u>	
						327,791
Long term liabilities are not due and payable in the current period and are not reported in the funds						
Note payable						(111,366)
Accrued interest on note						<u>(4,044)</u>
 Net assets of governmental activities						 \$ <u>366,820</u>

The accompanying footnotes are an integral part of the financial statements.

TOWNSHIP OF GILFORD, TUSCOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Fund Types for the Year Ended March 31, 2008

	<u>GENERAL</u>	<u>DRAIN FUND</u>	<u>FIRE FUND</u>	<u>GARBAGE FUND</u>	<u>OTHER FUNDS</u>	<u>TOTAL GOVERNMENTAL ACTIVITIES</u>
REVENUES:						
Taxes	\$ 49,255	\$65,370	\$18,156	\$ 41,625	\$6,780	\$ 181,186
License and permits	120	-	-	-	-	120
Intergovernmental	57,310	-	-	-	3,598	60,908
Charges for services	-	-	-	-	-	-
Investment income	7,772	185	686	1,037	58	9,738
Other revenues	753	-	-	-	-	753
Fire runs	-	-	-	-	-	-
TOTAL REVENUES	115,210	65,555	18,842	42,662	10,436	252,705
EXPENDITURES:						
Legislative	15,252					15,252
General government	32,345					32,345
Public safety			21,600		6,664	28,264
Public works	15,171	63,714		41,819	3,633	124,337
Recreation and culture	3,173					3,173
Capital outlay	27,842					27,842
Payroll taxes	2,450					2,450
Debt Service:						-
Principal	28,634					28,634
Interest	6,366					6,366
TOTAL EXPENDITURES	131,233	63,714	21,600	41,819	10,297	268,663
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(16,023)</u>	<u>1,841</u>	<u>(2,758)</u>	<u>843</u>	<u>139</u>	<u>(15,958)</u>
FUND BALANCE - APRIL 1	<u>86,143</u>	<u>5,790</u>	<u>36,409</u>	<u>41,376</u>	<u>679</u>	<u>170,397</u>
FUND BALANCE - MARCH 31	<u>\$ 70,120</u>	<u>\$ 7,631</u>	<u>\$33,651</u>	<u>\$ 42,219</u>	<u>\$ 818</u>	<u>\$ 154,439</u>

The accompanying footnotes are an integral part of the financial statements.

TOWNSHIP OF GILFORD, TUSCOLA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (15,958)
Governmental funds report capital outlay as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(4,729)
Capital outlay	25,758
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available.	
Accrued interest beginning of the year	3,183
Accrued interest end of the year	(4,044)
Payment on debt	<u>28,634</u>
Change in net assets of governmental activities	<u><u>\$ 32,844</u></u>

The accompanying footnotes are an integral part of the financial statements.

GILFORD TOWNSHIP
Statement of Assets and Liabilities
Fiduciary Fund
March 31, 2008

<u>ASSETS</u>	
Cash in Bank - Chemical	\$ 3,331
Taxes Receivable	<u>71,768</u>
TOTAL ASSETS	<u>\$ 75,099</u>
 <u>LIABILITIES</u>	
Due to Fire Fund	\$ 1,169
Due to Ambulance Fund	660
Due to Drain Fund	4,208
Due to Garbage Fund	4,125
Due to General Fund	6,243
Due to Water Special (Meritt Twp)	756
Due to Other Taxing Units	<u>57,938</u>
TOTAL LIABILITIES	<u>\$ 75,099</u>

The accompanying notes are an integral part of the financial statements.

GILFORD TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Gilford became a Township prior to 1859 and is located in Tuscola County. The Township is operated under a Township Board consisting of five members. The Township provides various services to approximately 800 residents.

The accounting policies of Gilford Township conform to U.S. generally accepted accounting principles applicable to governmental units except for the Township not adopting the GASB #34 reporting format. The following is a summary of more significant policies:

ADOPTION OF NEW ACCOUNTING STANDARDS:

During the fiscal period 2003, the Township adopted GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issue June 1999; GASB Statement 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments Omnibus, an amendment to GASB Statement No 21 and No. 34, issued June 2001, and in GASB Statement No. 38, Certain Financial Statement Note Disclosures, issued in 2001. These statements require the Township to prepare a Management's Discussion and Analysis, government-wide financial statements on an accrual basis, and make some changes to the footnotes.

The following table shows beginning net assets related for the effects of implementation of GASB Statement No. 34:

Fund balance at March 31, 2007 – governmental funds	\$170,397
Long-term liabilities (restated)	(140,000)
Accrued interest	(3,183)
Net capital assets (restated)	<u>306,762</u>
Restated net assets – July 1, 2002	<u>\$333,976</u>

THE REPORTING ENTITY:

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the financial statements of the Township of Gilford, Tuscola County include the accounts of all Township operations. The Township's major operations include planning and zoning, road maintenance, street lighting, cemetery, paramedic services, cultural and recreational services and general administrative services. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes, special assessments and intergovernmental revenues.

GILFORD TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current periods. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

The Drain Fund is utilized to account for the drain tax levy and used to pay for drains at large.

The Fire Fund is utilized to account for the fire tax levy and used to provide fire protection throughout the Township.

The Garbage Fund is utilized to account for the garbage tax levy and used to pay for trash collection.

The government reports the following non-major funds:

The Ambulance Fund is utilized to account for the ambulance tax levy and provide ambulance service for the Township.

The Metro Fund is utilized to account for the metro act money received from the State of Michigan.

GILFORD TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments and the public safety millage. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, the unrestricted resources, as they are needed.

ASSETS, LIABILITIES AND NET ASSETS

1. Cash and Investments

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value. The Township's deposits and investments are in accordance with statutory authority.

State statutes authorize the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 50% of any fund at any time. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

3. Receivables

Receivables consist primarily of amounts for taxes and customer charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls which are secured by the underlying property.

4. Restricted Assets

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and Michigan law.

5. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated

GILFORD TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

fixed assets are valued at their estimated fair market value on the date received. Fixed assets purchased within the proprietary funds and the non-expendable trust fund are reported as assets within those funds and accordingly, are included on their balance sheet.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. Primarily because of this policy, total expenditures for capital improvements in the governmental funds do not equal total additions to the general fixed asset account group.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed over the estimated useful lives using the straight-line method.

6. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Contributed capital currently exists only in the enterprise funds. This capital has been used along with other township resources to purchase or construct the water and sewer systems currently in use within the Township. In order to more accurately reflect the equity remaining in these contributions, the contributions are being amortized over the useful life of the assets they aided in constructing or purchasing.

7. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

8. Estimates

The preparation of financial statements in conformity with the U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - PENSION PLAN:

The Township pays no employee benefits.

GILFORD TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 3 - BUDGETS AND BUDGETARY ACCOUNTING:

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. On or prior to April 1 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayers comments.
3. Prior to April 1, the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Board of Trustees.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.
8. The Garbage Fund exceeded their budgeted expenditures for Sanitation by \$412. This is a violation of the PA 621 Budget Act.

NOTE 4 - CASH AND INVESTMENTS:

Cash and investments are held separately by each of the Township's funds.

DEPOSITS:

At year-end, the carrying amount of the Township's deposits was \$141,365 and the bank balance was \$142,551 of which \$100,000 was covered by federal depository insurance.

INVESTMENTS:

The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes investments that are insured or registered, or securities held by the Township's or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered, with securities held by the counterpart's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counter party, or by its trust department or its agent but not in the Township's name. At March 31, 2008, the Township had no Category 1, 2 or 3 investments. Additional disclosures required by GASB 40 are not included in the accompanying financial statements.

The Township's cash, cash equivalents, investments and restricted assets at March 31, 2008 are composed of the following:

	CASH AND CASH EQUIVALENTS
General Fund Deposits	\$ 66,241
Special Revenue Fund Deposits	71,793
Agency Fund Deposits	3,331
TOTAL	<u>\$141,365</u>

GILFORD TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 5 – RISK MANAGEMENT:

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above-described activities. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 6 – PROPERTY TAX REVENUE:

Property taxes become an enforceable lien on the property as of July 1 and December 1. Taxes are levied on July 1 and December 1 and are due in September of the current year and February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district, state education fund and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year, which includes the December 1 levy date. In addition, the Township collected the State Education Tax and a portion of the County tax which was levied July 1st and due September 15th.

NOTE 7 – DUE TO AND FROM OTHER FUNDS:

Due to and from other funds balances at March 31, 2008 are as follows:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
General Fund	\$ 6,388	\$ 2,509
Special Revenue Fund	12,671	145
Agency Fund	<u>-</u>	<u>16,405</u>
TOTAL	<u>\$19,059</u>	<u>\$19,059</u>

NOTE 8 – NEW TOWNSHIP HALL:

The Township Board approved the construction of a new Township Hall. Building expenditures incurred as of March 31, 2008 totaled \$212,703. Construction of the new hall was completed during 2008.

GILFORD TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 9 – CHANGES IN CAPITAL ASSETS:

The general fixed assets of the Township consist of the following:

	<u>BALANCE</u> <u>APRIL 1,</u> <u>2007</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>MARCH 31,</u> <u>2008</u>
Land	\$112,500			\$112,500
Office Equipment	2,000	\$ 4,291		6,291
Const. in Progress	192,562		\$192,562	-
Building	<u>-</u>	<u>214,029</u>	<u>-</u>	<u>214,029</u>
Total	<u>307,062</u>	<u>218,320</u>	<u>192,562</u>	<u>332,820</u>
Acc. Dep.	(<u>300</u>)	(<u>4,729</u>)	<u>-</u>	(<u>5,029</u>)
Net Book Value	<u>\$306,762</u>	<u>\$213,591</u>	<u>\$192,562</u>	<u>\$327,791</u>

NOTE 10 – TOWNSHIP HALL NOTE PAYABLE:

The Township borrowed \$140,000 to construct a new township hall. The loan interest rate is 6.00%. The loan was signed on September 14, 2006. An annual payment of \$19,026 will be due on September 30, 2007 and continue annually through 2016. The estimated payment schedule is as follows:

	<u>Principal</u>	<u>Interest</u>
2008	\$ 12,120	\$ 6,905
2009	12,889	6,136
2010	13,686	5,340
2011	14,532	4,493
2012	15,421	3,605
2013	16,384	2,641
2014	17,397	1,628
2015	8,936	553
2016	<u>-</u>	<u>-</u>
Total	<u>\$ 111,365</u>	<u>\$ 31,301</u>

REQUIRED SUPPLEMENTARY INFORMATION

GILFORD TOWNSHIP
General Fund
Statement of Revenues, Expenditures
and Changes In Fund Balance - Budget and Actual
For The Year Ended March 31, 2008

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Taxes	\$ 47,000	\$ 47,000	\$ 49,255	\$ 2,255
Intergovernmental	58,500	58,500	57,310	(1,190)
Licenses and permits	200	200	120	(80)
Charges for services	-	-	-	-
Interest	4,000	4,000	7,772	3,772
Miscellaneous	1,500	1,500	753	(747)
	<u>111,200</u>	<u>111,200</u>	<u>115,210</u>	<u>4,010</u>
TOTAL REVENUES				
EXPENDITURES:				
Legislative	18,640	19,963	15,252	4,711
General Government	32,560	32,477	32,345	132
Public Works	16,300	21,860	15,171	6,689
Recreation and Cultural	4,500	4,500	3,173	1,327
Public Safety	-	-	-	-
Payroll Taxes	3,000	3,000	2,450	550
Capital Outlay	15,000	28,000	27,842	158
Debt Service:				
Principal	60,000	40,000	28,634	11,366
Interest	10,000	10,000	6,366	3,634
	<u>160,000</u>	<u>159,800</u>	<u>131,233</u>	<u>28,567</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(48,800)</u>	<u>(48,600)</u>	<u>(16,023)</u>	<u>32,577</u>
FUND BALANCE - BEGINNING OF YEAR	<u>86,143</u>	<u>86,143</u>	<u>86,143</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 37,343</u>	<u>\$ 37,543</u>	<u>\$ 70,120</u>	<u>\$ 32,577</u>

The accompanying footnotes are an integral part of the financial statements.

GILFORD TOWNSHIP
Drain Fund
Statement of Revenues, Expenditures
and Changes In Fund Balance - Budget and Actual
For The Year Ended March 31, 2008

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
REVENUE:				
Property taxes	\$ 61,600	\$ 61,600	\$ 65,370	\$ 3,770
Interest income			185	185
TOTAL REVENUE	<u>61,600</u>	<u>61,600</u>	<u>65,555</u>	<u>3,955</u>
EXPENDITURES:				
Public Works				
Drain-at-large	<u>65,000</u>	<u>65,000</u>	<u>63,714</u>	<u>1,286</u>
TOTAL EXPENDITURES	<u>65,000</u>	<u>65,000</u>	<u>63,714</u>	<u>1,286</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(3,400)</u>	<u>(3,400)</u>	<u>1,841</u>	<u>5,241</u>
FUND BALANCE - BEGINNING OF YEAR	<u>5,790</u>	<u>5,790</u>	<u>5,790</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,390</u>	<u>\$ 2,390</u>	<u>\$ 7,631</u>	<u>\$ 5,241</u>

The accompanying footnotes are an integral part of the financial statements.

GILFORD TOWNSHIP
Fire Fund
Statement of Revenues, Expenditures
and Changes In Fund Balance - Budget and Actual
For The Year Ended March 31, 2008

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
REVENUE:				
Property taxes	\$ 17,100	\$17,100	\$18,156	\$ 1,056
Interest Income	500	500	686	186
TOTAL REVENUE	<u>17,600</u>	<u>17,600</u>	<u>18,842</u>	<u>1,242</u>
EXPENDITURES:				
Public Safety				
Fire protection	<u>21,600</u>	<u>21,600</u>	<u>21,600</u>	<u>-</u>
TOTAL EXPENDITURES	<u>21,600</u>	<u>21,600</u>	<u>21,600</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(4,000)</u>	<u>(4,000)</u>	<u>(2,758)</u>	<u>1,242</u>
FUND BALANCE -BEGINNING OF YEAR	<u>36,409</u>	<u>36,409</u>	<u>36,409</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 32,409</u>	<u>\$ 32,409</u>	<u>\$ 33,651</u>	<u>\$ 1,242</u>

The accompanying footnotes are an integral part of the financial statements.

GILFORD TOWNSHIP
Garbage Fund
Schedule Of Revenues, Expenditures
And Changes In Fund Balances - Budget (GAAP Basis) and Actual
For The Year Ended March 31, 2008

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
REVENUE:				
Property taxes	\$ 40,500	\$40,500	\$41,625	\$ 1,125
Interest income	-	-	1,037	1,037
TOTAL REVENUE	<u>40,500</u>	<u>40,500</u>	<u>42,662</u>	<u>2,162</u>
EXPENDITURES:				
Public Works				
Sanitation	<u>41,407</u>	<u>41,407</u>	<u>41,819</u>	<u>(412)</u>
TOTAL EXPENDITURES	<u>41,407</u>	<u>41,407</u>	<u>41,819</u>	<u>(412)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(907)</u>	<u>(907)</u>	<u>843</u>	<u>1,750</u>
FUND BALANCE - BEGINNING OF YEAR	<u>41,376</u>	<u>41,376</u>	<u>41,376</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 40,469</u>	<u>\$40,469</u>	<u>\$42,219</u>	<u>\$ 1,750</u>

The accompanying footnotes are an integral part of the financial statements.

ADDITIONAL INFORMATION

GILFORD TOWNSHIP
Non-Major Funds
Combining Balance Sheet
March 31, 2008

	<u>AMBULANCE FUND</u>	<u>METRO FUND</u>	<u>TOTALS</u>
<u>ASSETS</u>			
Cash in Bank	\$ 178		\$ 178
Due from other funds	<u>660</u>		<u>660</u>
TOTAL ASSETS	<u>\$ 838</u>	<u>\$ -</u>	<u>\$ 838</u>
 <u>LIABILITIES & FUND BALANCE</u>			
Liabilities:			
Accounts Payable			
Due to other funds	<u>\$ 20</u>	<u>-</u>	<u>\$ 20</u>
Total Liabilities	<u>20</u>	<u>-</u>	<u>20</u>
Fund Balance:			
Undesignated	<u>818</u>	<u>-</u>	<u>818</u>
Total Fund Balance	<u>818</u>	<u>-</u>	<u>818</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 838</u>	<u>\$ -</u>	<u>\$ 838</u>

The accompanying footnotes are an integral part of the financial statements.

GILFORD TOWNSHIP
Non-Major Funds
Combining Schedule Of Revenues, Expenditures
And Changes In Fund Balances
For the Year Ended March 31, 2008

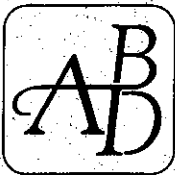
	<u>AMBULANCE FUND</u>	<u>METRO FUND</u>	<u>TOTALS</u>
REVENUES:			
Property taxes	\$ 6,780		\$ 6,780
Intergovernmental	-	\$ 3,598	3,598
Interest Income	<u>23</u>	<u>35</u>	<u>58</u>
TOTAL REVENUE	<u>6,803</u>	<u>3,633</u>	<u>10,436</u>
EXPENDITURES:			
Public Safety	6,664	-	6,664
Public Works		<u>3,633</u>	<u>3,633</u>
TOTAL EXPENDITURES	<u>6,664</u>	<u>3,633</u>	<u>10,297</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>139</u>	<u>-</u>	<u>139</u>
OTHER FINANCING SOURCES (USES)			
Transfer from general fund			-
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	<u>139</u>	<u>-</u>	<u>139</u>
FUND BALANCE - BEGINNING OF YEAR	<u>679</u>	<u>-</u>	<u>679</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 818</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 818</u></u>

The accompanying footnotes are an integral part of the financial statements.

GILFORD TOWNSHIP
Schedule of Changes in Assets and Liabilities
Current Tax Collection Fund
For the Fiscal Year Ended March 31, 2008

	<u>CURRENT TAX COLLECTION FUND</u>			
	<u>BALANCE MARCH 31, 2007</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE MARCH 31, 2008</u>
<u>ASSETS</u>				
Cash	\$ 4,242		\$ 911	\$ 3,331
Taxes receivable	51,649	\$ 1,248,821	1,228,702	71,768
TOTAL ASSETS	<u>\$ 55,891</u>	<u>\$ 1,248,821</u>	<u>\$ 1,229,613</u>	<u>\$ 75,099</u>
<u>LIABILITIES</u>				
Due to Fire Fund	\$ 1,027	\$ 18,014	\$ 18,156	\$ 1,169
Due to Ambulance Fund	640	6,760	6,780	660
Due to Drain Fund	3,673	64,835	65,370	4,208
Due to Garbage Fund	4,000	41,500	41,625	4,125
Due to General Fund	6,842	49,854	49,255	6,243
Due to Water Special (Meritt Twp)	-	16,834	17,590	756
Due to Other Taxing Units	39,709	1,031,816	1,050,045	57,938
TOTAL LIABILITIES	<u>\$ 55,891</u>	<u>\$ 1,229,613</u>	<u>\$ 1,248,821</u>	<u>\$ 75,099</u>

The accompanying footnotes are an integral part of the financial statements.



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

June 23, 2008

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy Franzel

.....
Robert L. Tuckey, CPA

To the Members of the Board
Township of Gilford

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Township of Gilford for the year ended March 31, 2008, and have issued our report thereon dated June 23, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 9, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 17, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Gilford are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Township of Gilford changed its accounting policies related to full accrual financial statements by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 34, in 2008. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 1. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 23, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

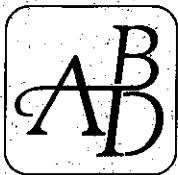
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Members of the Board and management of the Township of Gilford and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Anderson, Tuckey, Bernhardt & Doran, P.C.

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Certified Public Accountants



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June 23, 2008

To the Members of the Board
Township of Gilford

In planning and performing our audit of the financial statements of the Township of Gilford as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Gilford's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. During the course of our audit, we observed the following significant deficiency:

Segregation of Duties

Due to the limited number of people, many critical duties are combined and given to the available employees/board members. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. We recommend the Township segregate duties whenever possible.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses:

Financial Statements

After considering the qualifications of the accounting personnel of the Township of Gilford, we believe that the personnel have the abilities to maintain the day-to-day bookkeeping of the Township, but they do not have the qualifications and abilities to generate financial statements, including the required footnotes, in accordance with accounting principles generally accepted in the United States of America.

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Current Year Comments

Excess Budget Expenditures

We noted that actual expenditures exceeded that of the adopted budget. If expenditures exceed budgeted amounts, the budget must be amended. Section IV-2 of Public Act 621 requires that the budget be amended prior to expenditures being made. The budget may not be amended after year-end. We recommend the Township review the budget requirements under P.A. 621 to avoid this problem in the future.

This communication is intended solely for the information and use of management, the Township of Gilford, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to the Township of Gilford and look forward each year to continuing our relationship. The cooperation extended to us by your staff throughout the audit was greatly appreciated. Should you wish to discuss any item included in this letter further, we would be happy to do so.

Very truly yours,

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt & Doran, P.C.
Certified Public Accountants